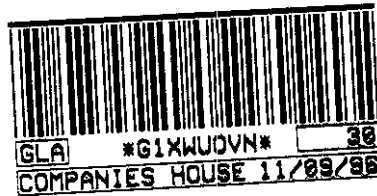
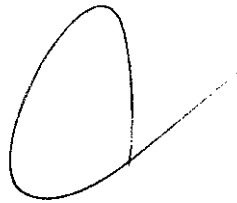


Celtic plc

ANNUAL REPORT

YEAR ENDED 30 JUNE 1996



Registered No: 3487

Celtic plc

ANNUAL REPORT

YEAR ENDED 30 JUNE 1996

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Football Manager		
Thomas Burns		
Auditors		
Pannell Kerr Forster		
Solicitors		
McGrigor Donald		
Semple Fraser W.S.		
Bankers		
The Co-operative Bank plc		
Stockbrokers and advisers		
Greig Middleton & Co Limited		

Celtic plc

Registered Office: 95 Kerrydale Street
Glasgow G40 3RE

14 August 1996

NOTICE is hereby given that the Annual General Meeting of Celtic plc (the "company") will be held at Celtic Park, 95 Kerrydale Street, Glasgow, G40 3RE, on Monday, 9 September 1996 at 10.00am for the following purposes:

AS ROUTINE BUSINESS

Resolutions will be proposed:

1. To receive and adopt the audited statement of accounts of the company for the year ended 30 June 1996 together with the reports of the directors and auditors thereon.
2. To reappoint Mr F J McCann as a director of the company.
3. To reappoint Mr B Quinn as a director of the company.
4. To reappoint Sir Patrick Sheehy as a director of the company.
5. To reappoint Pannell Kerr Forster as auditors of the company and to authorise the directors to determine their remuneration.

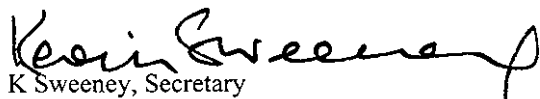
AS SPECIAL BUSINESS

A resolution will be proposed:

6. To consider and, if thought fit, pass the following resolution as a Special Resolution of the company.

"That the regulations contained in the document submitted to this meeting and, for the purpose of identification, initialled by the Chairman be and are hereby approved and adopted as the new Articles of Association of the company in substitution for and to the exclusion of the existing Articles of Association of the company"

BY ORDER OF THE BOARD


K Sweeney, Secretary

Notes:

1. Any member of the company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf in accordance with the Articles of Association of the company. A proxy need not be a member of the company. A proxy form is enclosed. To be valid a proxy form and the power of attorney or other authority (if any) under which it has been executed or a copy of such power or authority certified notarially must be lodged at the office of the company's Registrar, Bank of Scotland, Registrar Department, Apex House, 9 Haddington Place, Edinburgh, EH7 4AL not less than 24 hours before the time appointed for the holding of the meeting. Completion of a proxy form will not preclude a member from attending and voting at the meeting if he/she is entitled to do so and so wishes.
2. Holders of only Convertible Cumulative Preference Shares of the company are not entitled to attend and vote at the Annual General Meeting.
3. A copy of the new Articles of Association of the company in the form proposed to be adopted pursuant to Resolution 6 is available for inspection during normal business hours at the company's registered office up to the date of the Annual General Meeting and will be available for inspection at the Annual General Meeting from 9am until the conclusion of the Meeting. Explanatory notes describing the main changes to be introduced by the adoption of the proposed new Articles of Association are annexed to the Chairman's letter to shareholders dated 14 August 1996.

CHAIRMAN'S STATEMENT

When I reported to you a year ago, Celtic was going through a period of transition and rebuilding, with encouraging signs of real progress. Although the rebuilding continues, the year just ended has been one of rapid growth in most areas of your company's activities, all of which relate to the operations of Celtic Football Club.

Attendance at all Celtic matches rose to a total of 1,237,382, the majority at a reopened Celtic Park, which was often full. Along with growth in related business activities, this generated a turnover of £16 million, showing a rise of 54% over the previous year.

In this year of progress we have taken the opportunity to act prudently following a conservative review of player values after the Bosman decision by writing off a total of £3.8 million from these assets.

Behind the figures however, lies the fact that the success of the Club and its future prospects are driven by the numbers and loyalty of our customers. These supporters - including the "missing 10,000" I referred to last year who are now returning - by their strength in numbers and commitment to this Club are the foundation on which your Board's plans for growth are based.

To meet their expectations and make long term success possible we have had to invest heavily. About £12 million has been spent to acquire 10 new players over the last two years and Tommy Burns, our football manager, is to be commended for his astuteness in strengthening the first team squad and the football operation in general.

I also believe that the £9 million shown in the Accounts as further investment in Celtic Park has been wisely spent. A high capacity stadium with good customer services is essential to provide the revenues required to meet the high cost of top level professional football and ensure that we can compete financially in our efforts to bring football success.

While major football trophies eluded us last season, let me list some of the marks of Celtic's progress:

- The first team completed a 36 game League programme with 83 points, were undefeated away from home and lost only one match.
- Improvements in the football operation included expansion of the scouting network, a new high-tech gymnasium with fitness personnel and further support for the youth development programme. Our Under 18 team won the B.P. Scottish Youth Cup, for a record fourth time.
- Celtic Park now provides 47,600 seats and the highest standards of comfort, services and safety. With the number of season book holders increasing from last year's 29,500 to 40,000 for the season just begun, the Park will again operate at near capacity on a regular basis.
- In December new spectator facilities were completed in the North Stand, providing deluxe accommodation for 1,800 Investor Club, Business Class and corporate hospitality customers.
- Revenues from all other commercial operations including publishing, broadcasting, catering, Celtic branded merchandise and Pools contributions matched the strong growth in ticket sales. These increased revenues generated a profit from operations of £2.7 million compared to a small loss in the previous year, and covered most of this year's very high charge to the Profit and Loss Account of player registration costs.
- The status of Celtic in the broader community was further enhanced by the establishment of the Celtic Charity Fund, the successful social initiative of Bhoys against Bigotry and other projects whereby the Club followed its founder's lead in helping the less fortunate.

I referred earlier to the major investments your company has recently undertaken. What is even more important in achieving football success and continued growth in shareholder value is the wise management of these resources. I must tell you that the greatest satisfaction I have felt during the past year comes from the knowledge that we have a highly professional and dedicated management team in place. It includes the two new directors whose reappointment you are now being asked to confirm, the football club board and executive directors, and the managers in every area of our business - football, commercial, finance, capital projects, public affairs, security and customer services. To them and to all our employees I extend my thanks for a year of tremendous effort.

As we strive for success on and off the football field in the coming year I also wish to thank all supporters, sponsors and customers who have backed the Club so solidly. With their strength behind us we look forward with determination and confidence.

DIRECTORS' REPORT

The directors present their annual report together with the financial statements for the year ended 30 June 1996.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be the operation of Celtic Football Club.

RESULTS AND DIVIDENDS

Turnover has increased by 54% from £10.38m in 1995 to £16.01m in 1996. Profit from operations has increased to £2.74m (1995 - £0.18m loss). As a result of the Bosman decision noted below there has been a write down of intangible assets of £2.18m which has contributed to the loss for the financial year after tax amounting to £1.01m (1995 - £0.40m).

The directors recommend that no dividend be paid. The loss for the year has reduced reserves accordingly.

BUSINESS REVIEW

A review of the company's business and operational activities is contained in the Chairman's statement.

During the year under review the company established a wholly-owned subsidiary, Glasgow Eastern Developments Limited. Further details of this company including its principal activity are given in Note 14 to the financial statements.

The whole of the issued share capital of the company was admitted to trading on the Alternative Investment Market on 29 September 1995.

On 28 June 1996 the company placed 2 ordinary shares of £1 each at £200 per share and 22,277 preference shares of £60 each at £150 per share raising £3.3m net of expenses.

EVENTS SINCE THE YEAR END AND FUTURE DEVELOPMENTS

Since the year end Paolo Di Canio has been registered with Celtic and the registration of John Collins has been transferred to A S de Monaco. Celtic are actively pursuing compensation for the transfer of John Collins. The financial statements do not incorporate any benefit the company may receive by way of such compensation.

Construction of the East and South East Stands was completed in July 1996 increasing the permanent capacity at Celtic Park to 47,600.

FIXED ASSETS

Changes in fixed assets are shown in Notes 12 - 14 to the financial statements. The additions to fixed tangible assets are largely represented by the completion of the North Stand construction and fitting out together with the progression of the East Stand construction.

INTANGIBLE ASSETS AND BOSMAN

Intangible assets, as detailed in Note 13 to the financial statements, represent the unamortised value of player registrations. On 15 December 1995 the European Court of Justice ruled in respect of a law suit raised by Mr Jean-Marc Bosman that there would be no transfer of registration fee payable where a footballer who is a European Union national, on expiry of his contract, transfers to a club within another member state. This ruling has brought about a change in business practice relating to the international transfer of player registrations, and has necessitated a review of the values at which player registrations are included in the balance sheet. The directors, in consultation with our advisers, consider that an additional write down of £2.18m in the value of player registrations is required in the current year as a result of this European Court ruling.

Celtic plc

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARE CAPITAL

- (i) The following table sets out the interests of the directors of the company and connected persons at the end of the year in the ordinary shares and preference shares of the company:

Name	30 June 1996		1 July 1995 (or date of appointment if later)	
	No. of Ordinary Shares	No. of Preference Shares	No. of Ordinary Shares	No. of Preference Shares
F J McCann	145,998	-	145,898	28
E J Riley	50	50	50	50
D F Desmond	-	-	-	-
B Quinn (appointed 1/3/96)	25	25	25	25
Sir Patrick Sheehy (appointed 1/3/96)	100	-	-	-

E J Riley was granted options over 1,250 ordinary shares of £1 each on 19 January 1995 under the Celtic plc Executive Share Option Scheme. These options were granted at an option price of £64 per ordinary share and are exercisable between 19 January 1998 and 19 January 2005.

D F Desmond is beneficially interested in 14,393 ordinary shares and 51,313 preference shares in the company. These shares are held in the name of Dealformatics Investments (Ireland) Limited formerly Quay Financial Services Limited.

- (ii) There were no changes in the holdings of the directors notified to the company between 30 June 1996 and 12 August 1996.
- (iii) The table at (i) above details the directors of the company at its financial year end. W Haughey resigned on 12 September 1995.
- (iv) In accordance with the Articles of Association of the company F J McCann retires by rotation and, being eligible, offers himself for reappointment. B Quinn and Sir Patrick Sheehy, having been appointed by the directors since the last Annual General Meeting, retire and, being eligible, offer themselves for reappointment. The directors recommend that B Quinn and Sir Patrick Sheehy be reappointed.

DONATIONS

Details of charitable donations made during the year are given at page 22 of the financial statements.

CREDITORS PAYMENT POLICY

It is the company's policy to pay creditors within the terms agreed when the contract of supply is made, to the extent that those creditors have fulfilled their part of the contract. Where there are no agreed terms, creditors are paid during the month following receipt of the invoice.

AUDITORS

The auditors, Pannell Kerr Forster, Chartered Accountants, have signified their willingness to remain in office. A resolution to reappoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD


K Sweeney

Secretary
GLASGOW

12 August 1996

CORPORATE GOVERNANCE

The company is not required to comply with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance. However, the company complies with the Cadbury recommendations in the following key areas:

BOARD OF DIRECTORS

The board of directors meets frequently throughout the year and comprises two executive and three non-executive members. The board is responsible for overall group strategy and monitors the executive management. Financial policy and budgets are approved and monitored by the board including major capital expenditure. Key operational decisions including safety, planning and appointment of advisers are subject to board approval.

Procedures are in place for directors to seek independent professional advice to assist them in the performance of their duties at the company's expense. The Chairman and the board also have access to the advice and services of the Company Secretary.

NON-EXECUTIVE DIRECTORS

Except as described in Note 6 to the financial statements and in the Directors' Report, the non-executive directors have no financial or contractual interest in the company. The non-executive directors do not participate in the executive share option scheme and their positions are not pensionable.

Brief biographical details of the non-executive directors are as follows:

Brian Quinn CBE was appointed a director of the company on 1 March 1996 and has agreed to serve as Vice-Chairman. Formerly Senior Executive Director at the Bank of England, Mr Quinn has extensive experience in international finance and economics. He is a fellow of the Institute of Bankers in Scotland and prior to joining the Bank of England held positions with the International Monetary Fund.

Dermot Desmond has been a director of the company since May 1995. He is Chairman of the International Investment and Underwriting Group which was established in 1995 to provide financial services to an international clientele. He was previously Chairman and founder of the NCB Group and of Quay Financial Software. Mr Desmond was instrumental in the establishment of the Irish Futures and Options Exchange and is the beneficial owner of London City Airport.

Sir Patrick Sheehy was also appointed a director of the company on 1 March 1996. Formerly Chairman of BAT Industries plc, he was appointed a non-executive director of British Petroleum Co. plc in 1984 and in 1985 was appointed to the Council of International Advisors for the Swiss Bank Corporation. In July 1992, Sir Patrick Sheehy was appointed Chairman of the Home Office Inquiries into Police Responsibilities and Rewards which submitted its report, The Sheehy Report, to the Home Secretary in July 1993. Sir Patrick Sheehy is a director of a number of companies in the UK and North America.

It is the intention of the board that non-executive appointments will be constantly reviewed within a formalised process and reappointments will not be automatic.

AUDIT AND REMUNERATION COMMITTEES

The board has constituted an Audit Committee which comprises all non-executive directors and is chaired by Mr B Quinn.

A Remuneration Committee is in place consisting of the Chairman and the non-executive directors. The Chairman abstains from discussions involving his own remuneration. The Remuneration Committee reviews the remuneration packages of all executive directors. It also determines policy as regards the executive and staff bonuses including the Celtic executive share option scheme, detailed in Note 19 to the financial statements.

REPORTING AND INTERNAL CONTROLS

The directors fully appreciate their duty to present a balanced and understandable assessment of the company's position and that a coherent and concise narrative incorporated within the report and accounts is an integral and essential part of this process. The directors also aim to ensure that the highest levels of disclosure are achieved without damaging the company's competitive position.

The board regularly reviews financial statements, cash positions and forecasts to ensure that the company continues to be a going concern.

A statement covering the directors responsibilities for preparing the financial statements is set out on page 7.

Celtic plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the group's profit or loss for that period. In preparing those financial statements, the directors are required to :

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF

Celtic plc

We have audited the financial statements on pages 8 to 21 which have been prepared under the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 1996 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act

1985.

PANNELL KERR FORSTER

Chartered Accountants
Registered Auditors
GLASGOW
12 August 1996

Celtic plc

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 1996

	Notes	1996 £000	1995 £000
TURNOVER	2	16,005	10,376
OPERATING EXPENSES	3	(13,270)	(9,707)
EXCEPTIONAL OPERATING EXPENSES	4	—	(846)
PROFIT FROM OPERATIONS		2,735	(177)
AMORTISATION OF PLAYER REGISTRATIONS		(1,624)	(580)
NET GAIN ON SALE OF PLAYER REGISTRATIONS		58	-
WRITE DOWN OF INTANGIBLE FIXED ASSETS	8	(2,178)	—
OPERATING LOSS		(1,009)	(757)
INTEREST RECEIVABLE AND SIMILAR INCOME	9	91	424
INTEREST PAYABLE AND SIMILAR CHARGES	10	(95)	(68)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,013)	(401)
TAX ON ORDINARY ACTIVITIES	11	—	—
LOSS FOR THE YEAR	20	(1,013)	(401)

All amounts relate to continuing operations.

There were no gains or losses recognised in 1996 other than the loss for the year.

Celtic plc

GROUP BALANCE SHEET

30 JUNE 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Tangible assets	12	30,935	22,372
Intangible assets	13	8,152	6,538
Investments	14	-	1
		<u>39,087</u>	<u>28,911</u>
CURRENT ASSETS			
Stocks	15	212	224
Debtors	16	1,281	1,895
Cash at bank and in hand		<u>67</u>	<u>6,572</u>
		<u>1,560</u>	<u>8,691</u>
CREDITORS - Amounts falling due within one year			
	17	(3,808)	(5,428)
Income deferred less than one year			
	18	(4,979)	(2,532)
		<u>(8,787)</u>	<u>(7,960)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(7,227)</u>	<u>731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,860</u>	<u>29,642</u>
CREDITORS - Amounts falling due after more than one year			
	17	(472)	(547)
NET ASSETS		<u>31,388</u>	<u>29,095</u>
CAPITAL AND RESERVES			
Called up share capital (includes non-equity)	19	11,390	10,053
Share premium	20	17,361	15,392
Profit and loss account	20	<u>2,637</u>	<u>3,650</u>
SHAREHOLDERS' FUNDS		<u>31,388</u>	<u>29,095</u>

Approved by the Board on

12 August 1996

Fergus J McCann

Director

Eric J Riley

Director

Celtic plc

COMPANY BALANCE SHEET

30 JUNE 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Tangible assets	12	30,935	22,372
Intangible assets	13	8,152	6,538
Investments	14	<u>-</u>	<u>1</u>
		39,087	28,911
CURRENT ASSETS			
Stocks	15	212	224
Debtors	16	1,325	1,914
Cash at bank and in hand		<u>10</u>	<u>6,553</u>
		1,547	8,691
CREDITORS - Amounts falling due within one year	17	(3,808)	(5,428)
Income deferred less than one year	18	(4,979)	(2,532)
		(8,787)	(7,960)
NET CURRENT (LIABILITIES)/ASSETS		(7,240)	<u>731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		31,847	29,642
CREDITORS - Amounts falling due after more than one year	17	(472)	(547)
NET ASSETS		31,375	29,095
CAPITAL AND RESERVES			
Called up share capital (includes non-equity)	19	11,390	10,053
Share premium	20	17,361	15,392
Profit and loss account	20	<u>2,624</u>	<u>3,650</u>
SHAREHOLDERS' FUNDS		31,375	29,095

Approved by the Board on

12 August 1996

Fergus J McCann

Director

Eric J Riley

Director

Celtic plc

GROUP CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 1996

	1996		1995	
	£000	£000	£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 22)		4,345		3,102
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	91		424	
Interest paid	(95)		(68)	
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(4)		356
TAXATION				
Corporation tax paid		-		-
INVESTING ACTIVITIES				
Payments to acquire tangible fixed assets	(10,148)		(14,706)	
Payments to acquire intangible fixed assets	(5,686)		(3,805)	
Grants received	1,442		672	
Payments to acquire investments	-		(1)	
Receipts from sale of tangible fixed assets	18		21	
Receipts from sale of intangible fixed assets	<u>879</u>		<u>570</u>	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(13,495)</u>		<u>(17,249)</u>
NET CASH (OUTFLOW) BEFORE FINANCING		(9,154)		(13,791)
FINANCING (Note 23)				
Advances received	-		1,323	
Loan instalments paid	(1,110)		(431)	
Share capital subscribed	<u>3,306</u>		<u>13,180</u>	
NET CASH INFLOW FROM FINANCING		<u>2,196</u>		<u>14,072</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (Note 24)		<u>(6,958)</u>		<u>281</u>

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements set out on pages 8 to 21 are prepared under the historical cost convention and comply with applicable accounting standards.

(b) Basis of consolidation

The consolidation includes the financial statements of the company and its subsidiary undertakings and is based on their audited financial statements for the year ended 30 June 1996. The results of subsidiaries acquired during the year are included from the date of acquisition.

As provided by Section 230 of the Companies Act 1985 a separate profit and loss account has not been presented for the company.

(c) Depreciation

Depreciation is not provided on freehold land and buildings. It is the group's policy to maintain all its properties in such a condition that the estimated aggregate residual disposal values are at least equal to their book values. Consequently any element of depreciation would, in the opinion of the directors, be immaterial. Residual disposal values are appraised each year by reference to the estimated depreciated replacement cost of the properties in aggregate, and Celtic Park in particular. Provision will be made against the cost of properties in the event of any permanent diminution in their value. Other tangible fixed assets are written off over their estimated useful lives on a reducing balance basis at the following annual rates:

Plant and vehicles	10% - 25%
Fixtures, fittings and equipment	10% - 33%

(d) Registration fees

The costs associated with the acquisition of players are capitalised and treated as intangible fixed assets. After allowing for an appropriate residual value these amounts are amortised over the contract period. Residual values are assessed on an annual basis and any provision for permanent diminution in value made accordingly.

(e) Turnover

Turnover which is exclusive of value added tax represents match receipts and other income associated with the continuing principal activity of running a professional football club.

(f) Grants

Grants in respect of capital expenditure on assets which are depreciated are treated as deferred income, a proportion of which is transferred to revenue annually over the estimated useful life of the asset.

Grants in respect of capital expenditure on assets which are not depreciated are deducted from the cost of the asset. This represents a departure from the requirements of the Companies Act 1985; the financial effect of this departure is disclosed in Note 12. In the opinion of the directors the accounting treatment adopted is appropriate in order to show a true and fair view on the basis that the grants are specific to the acquisition of the assets concerned and not made as a contribution to finance the general activities of the company.

Other grants of a revenue nature are credited to revenue as received.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

1 ACCOUNTING POLICIES (Continued)

(g) Leasing obligations

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreements as incurred.

(h) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis.

(i) Pension costs

The group operates a defined contribution scheme providing benefits for employees additional to those from the state. The pension cost charge represents contributions payable by the group to the fund in respect of the year.

2 TURNOVER

Turnover comprised:	1996	1995
	£000	£000
Ticket sales	7,589	4,917
Broadcasting fees and publishing	1,888	1,194
Merchandise income	1,146	757
Catering	1,393	690
Other commercial income	<u>3,989</u>	<u>2,818</u>
	16,005	10,376
	-----	-----

3 OPERATING EXPENSES

Operating expenses include the following charges

Auditors' remuneration	: audit fees	12	10
	: non audit fees	34	37
Staff costs (Note 5)		6,289	4,805
Depreciation (Note 12)		518	147
Operating leases		36	56

4 EXCEPTIONAL OPERATING EXPENSES

Exceptional operating expenses consist of the following:

Compensation and other costs in relation to former employees	-	261
Legal, professional and other costs attributable to previous management	-	128
Costs incurred on the Club's temporary relocation to Hampden Park	<u>-</u>	<u>457</u>
	Nil	846
	-----	-----

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

5 STAFF PARTICULARS	1996	1995
	£000	£000
Staff costs comprised :		
Wages and salaries	5,671	4,302
Social security costs	508	421
Other pension costs	<u>110</u>	<u>82</u>
	6,289	4,805
	-----	-----

Average number employed in the year :

	Number	Number
Players and managerial and training staff	73	70
Sales, administration and ancillary staff	<u>215</u>	<u>167</u>
	288	237
	----	----

6 DIRECTORS' EMOLUMENTS	1996	1995
	£000	£000

The aggregate amount of directors' emoluments comprised:

Fees	7	-
Salaries as executives (including pension contributions)	<u>162</u>	<u>113</u>
	169	113
	----	----

Emoluments (excluding pension contributions) include the following :

Chairman	74	36
	----	----
Highest paid director	82	50
	----	----

The emoluments of the other directors (excluding pension contributions) fell in the following ranges :

	Number of Directors	
	1996	1995
£ Nil - £5,000	4	9
£15,001 - £20,000	-	<u>1</u>
	4	10
	----	----

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

7 PENSION COSTS

The assets of the group pension scheme are held separately from those of the group in a fund administered by the Prudential Life Assurance Company.

Contributions made by the group to the scheme during the year amounted to £60,000 (1995 - £61,000). Contributions of £9,082 (1995 - £7,000) were payable to the fund at the year end.

8 WRITE DOWN OF INTANGIBLE FIXED ASSETS

	1996 £000	1995 £000
Write down of intangible fixed assets	2,178	-

As a result of the decision in the Bosman case as explained in the Directors' Report, the directors have reviewed the carrying value of player registrations at 30 June 1996. As a result of this review, in the current year, a nil residual value has been allowed in respect of all players and there has been a write down in value of £2,178,000.

9 INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable and similar income represented interest receivable on bank deposits.

10 INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges comprised:	1996 £000	1995 £000
On bank loans and overdrafts wholly repayable within five years	51	11
Other similar charges	44	57
	95	68

11 TAX ON ORDINARY ACTIVITIES

As a result of taxation losses incurred, no provision for taxation is required. Estimated tax losses available for set-off against future trading profits amount to approximately £8,100,000 (1995 - £7,250,000). This estimate is subject to the agreement of the current and prior year corporation tax computations with the Inland Revenue.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

12 FIXED ASSETS - TANGIBLE ASSETS

Group and company

The movement on these accounts during the year was as follows:

	Freehold Land and Buildings £000	Plant and Vehicles £000	Fixtures Fittings and Equipment £000	Total £000
Cost				
At 1 July 1995	21,352	511	1,311	23,174
Additions	5,313	-	3,788	9,101
Disposals	-	(63)	-	(63)
At 30 June 1996	26,665	448	5,099	32,212
Accumulated Depreciation				
At 1 July 1995	-	251	551	802
Charge	-	26	492	518
Disposals	-	(43)	-	(43)
At 30 June 1996	-	234	1,043	1,277
Net Book Amount				
At 30 June 1996	26,665	214	4,056	30,935
At 30 June 1995	21,352	260	760	22,372

Freehold Land and Buildings are net of grants received of £2,926,000 (1995 - £1,484,000).

13 FIXED ASSETS - INTANGIBLE ASSETS

Group and company

Player Registrations

	1996 £000	1995 £000
Cost		
At 1 July	8,395	6,682
Additions	6,606	3,805
Disposals	(2,825)	(2,092)
At 30 June	12,176	8,395
Amortisation		
At 1 July	1,857	2,799
Charge for year	1,624	580
Additional write down	2,178	-
Disposals	(1,635)	(1,522)
At 30 June	4,024	1,857
Net Book Value		
At 30 June	8,152	6,538

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

13 FIXED ASSETS - INTANGIBLE ASSETS (Continued)

The above figures, which allow for a nil residual value in respect of all players, include an additional write down of £2,178,000 in the current year as explained in Note 8. However, the company is currently pursuing a claim for compensation in respect of the transfer of the registration of John Collins to A S de Monaco. In the opinion of the directors, the claim is well founded but the above figures exclude any effect of this claim being successful.

Player Valuations

The football team management conservatively estimate that an indicative market value of the registration of players at 30 June 1996 in addition to those accounted for under intangible assets above is at least £2,000,000. This valuation assumes the continuation of relevant players' contracts.

14 SUBSIDIARY COMPANIES

Details of companies of which Celtic plc holds 100% of their issued Ordinary Share Capital are as follows:-

Subsidiary undertaking	Activity
Protectevent Limited	Stewarding and security services
Glasgow Eastern Developments Limited	Management of properties
The Celtic Football and Athletic Company Limited	Football Club, management & promotional services

These companies are registered in Scotland. The information above has been extracted from their accounts for the period ended 30 June 1996. The company has no other investments.

15 STOCKS

Group and company	1996 £000	1995 £000
Goods for resale	203	220
Consumables	<u>9</u>	<u>4</u>
	212	224
	-----	-----

16 DEBTORS

	1996 Group £000	1995 Group £000	1996 Company £000	1995 Company £000
Debtors comprised:				
Due within one year :				
Trade debtors	529	367	508	356
Other debtors	274	1,386	278	1,389
Prepayments and accrued income	478	142	477	142
Due from subsidiary undertaking	<u>-</u>	<u>-</u>	<u>62</u>	<u>27</u>
	1,281	1,895	1,325	1,914
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Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

17 CREDITORS	Amounts falling due within one year		Amounts falling due after more than one year	
	1996 £000	1995 £000	1996 £000	1995 £000
Group and company				
Creditors comprised:				
Loan instalments	77	77	275	352
Bank overdraft	453	-	-	-
Other loans	245	1,274	-	-
Trade creditors	1,753	1,055	-	-
Other taxation and social security	247	195	-	-
Other creditors	701	2,494	-	-
Accruals	<u>332</u>	<u>333</u>	<u>197</u>	<u>195</u>
	<u>3,808</u>	<u>5,428</u>	<u>472</u>	<u>547</u>
	-----	-----	-----	-----
			1996 £000	1995 £000

The loan instalments which are unsecured and interest free are repayable in instalments as follows:

In one year or less	77	77
Between one and two years	78	78
Between two and five years	172	212
In five years or more	<u>25</u>	<u>62</u>
	<u>352</u>	<u>429</u>
	-----	-----

Other loans comprise interest free loans from members of the Executive Club which are repayable within thirty days of demand. A further loan of £1,000,000 was redeemed in December 1995. The redemption value of this loan was £1,083,000.

18 INCOME DEFERRED LESS THAN ONE YEAR	1996 £000	1995 £000
Group and company		
Deferred income	<u>4,979</u>	<u>2,532</u>
	-----	-----

Deferred income comprises season ticket, sponsorship and other elements of income which have been received prior to the year end in respect of the following football season.

19 SHARE CAPITAL	Authorised		Alloted, called up and fully paid			
	1996 No.'000	1995 No.'000	1996 No.'000	1996 £000	1995 No.'000	1995 £000
Equity						
Ordinary shares of £1 each	295	295	290	290	290	290
Non-equity						
Convertible cumulative preference shares of £60 each	<u>200</u>	<u>200</u>	<u>185</u>	<u>11,100</u>	<u>163</u>	<u>9,763</u>
	<u>495</u>	<u>495</u>	<u>475</u>	<u>11,390</u>	<u>453</u>	<u>10,053</u>
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Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

19 SHARE CAPITAL (Continued)

On 29 September 1995, the whole of the issued share capital of the company was admitted to trading on the Alternative Investment Market.

On 28 June 1996 the company placed 2 ordinary shares of £1 each at £200 per share and 22,277 preference shares of £60 each at £150 per share. This placing increased the allotted, called up and fully paid share capital to 290,000 ordinary shares of £1 each and 185,000 convertible cumulative preference shares of £60 each. The premium arising on the shares issued, less the cost of the issues, has been credited to the share premium account.

Under the Celtic plc executive share option scheme selected full time employees may be granted options to subscribe for ordinary shares after a period of three years from the date of the grant. At 30 June 1996 one executive director had been granted options, over 1,250 ordinary shares of £1 each which are exercisable any time between 19 January 1998 and 19 January 2005.

Each preference share of £60 carries the right, subject to the availability of distributable profits, to the payment of a fixed preference dividend equal to 6% (inclusive of any associated tax credit) of its nominal value, cumulative with effect from 1 July 1996. The first dividend is due to be paid on 31 August 1997. Holders of preference shares of £60 are entitled on or at any time after 30 June 2001 to convert each preference share into one "A" ordinary share of £60. These "A" ordinary shares of £60 each will rank pari passu in all respects with the ordinary shares of £1 each.

20 RESERVES

The movement of reserves during the year was as follows:

	Group		Company	
	Profit and Loss Account £000	Share Premium Account £000	Profit and Loss Account £000	Share Premium Account £000
At 1 July 1995	3,650	15,392	3,650	15,392
Retained loss for the year	(1,013)	-	(1,026)	-
Arising on shares issued during the year net of issue expenses of £35,616	-	1,969	-	1,969
At 30 June 1996	2,637	17,361	2,624	17,361

The company's loss for the financial year is £1,026,000 (1995 - £401,000).

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £000	1995 £000
Loss for the financial year	(1,013)	(401)
Increase in share capital and share premium	<u>3,306</u>	<u>13,180</u>
	2,293	12,779
Balance at 1 July	<u>29,095</u>	<u>16,316</u>
Balance at 30 June	<u>31,388</u>	<u>29,095</u>

At 30 June 1996 Shareholders' Funds included £11,100,000 (1995 - £9,763,000) which is attributable to non-equity shareholders. This relates entirely to preference shares.

22 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £000	1995 £000
Operating loss	(1,009)	(757)
Depreciation	518	147
Amortisation	1,624	580
Loss on sale of tangible fixed assets	4	12
Gain on sale of intangible fixed assets	(58)	-
Write down of intangible fixed assets	2,178	-
Grants release	(2)	(2)
Decrease/(increase) in stocks	12	(80)
Decrease/(increase) in debtors	983	(908)
Increase in creditors	<u>95</u>	<u>4,110</u>
Net cash inflow from operating activities	<u>4,345</u>	<u>3,102</u>

23 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital & Share Premium 1996 £000	Hire Purchase & Borrowings & Loans 1996 £000	Share Capital & Share Premium 1995 £000	Hire Purchase & Borrowings & Loans 1995 £000
At 1 July	25,445	1,703	12,265	811
Loans advanced	-	-	-	1,323
Loan instalments paid	-	(1,110)	-	(431)
Share capital and premium subscribed	<u>3,306</u>	<u>-</u>	<u>13,180</u>	<u>-</u>
At 30 June	<u>28,751</u>	<u>593</u>	<u>25,445</u>	<u>1,703</u>

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

24 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1996 £000	1995 £000	Change in year £000
Cash at bank and in hand	67	6,572	(6,505)
Bank overdrafts	(453)	-	(453)
	(386)	6,572	(6,958)
	-----	-----	-----

25 CAPITAL AND OTHER FINANCIAL COMMITMENTS

1996 £000	1995 £000
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a. Capital Commitments

Authorised and contracted for:	1,864	1,839
	-----	-----

b. Lease Commitments

The company has annual commitments under operating leases as follows :

	1996 Plant and Machinery £000	1995 Plant and Machinery £000
Expiring within one year	29	15
Expiring between one and two years inclusive	-	14
Expiring between two and five years inclusive	3	26
Expiring in over five years	<u>6</u>	<u>3</u>
	38	58
	-----	-----

c. Transfer fees payable/receivable

Under the terms of certain contracts with other football clubs in respect of the transfer of player registrations certain additional amounts would be payable/recoverable by the company if specific future conditions are met. Current known amounts in respect of such contracts could result in an amount payable of £1,050,000 (1995 - £Nil) of which £550,000 could arise within one year.

Celtic's Charitable Dimension

This year the Club has again sought to increase its involvement and support of charitable causes in keeping with its founding objectives.

A year ago the Club was pleased to announce donations of around £20,000; this year charities will benefit by over **£47,000** from Celtic Charity Fund which was registered with the Inland Revenue on 31 March 1996.

The money raised has come from Celtic supporters, the players, the staff and the Club itself as well as many members of the general public who support Celtic's charitable traditions.

In addition to cash donations, hundreds of signed footballs and complimentary tickets were processed for charitable purposes. The amount of money raised indirectly in this way through auctions, raffles and awards was substantial. Club officials and players also made over 200 visits to a mixture of hospitals, charity and community events. Many Celtic supporters clubs also conduct fundraising events and programmes for charitable causes.

Celtic Charity Fund

The main beneficiaries have been in three principal areas:

1. Charities in support of children's needs;
2. Community action on drugs;
3. Projects that develop and promote religious and ethnic harmony.

And three subsidiary areas:

- a) Supporting the homeless;
- b) Helping the unemployed;
- c) Support and research for projects to alleviate the suffering caused by illness and famine and to aid innocent families within areas of war.

Beneficiaries include survivors of the Dunblane tragedy where the Celtic Charity Fund has contributed to the magnificent work of the Celtic Supporters Association in raising a substantial sum for a holiday for the families involved in the disaster to visit Disney World in Florida; Yorkhill Hospital's ward for terminally ill children's Christmas party staged by Celtic Charity Fund and attended by the first team squad; and a visit to a Christmas Pantomime which was laid on for the children of families who use the services of the East End Drugs Initiative.

Many homeless groups and clients of job clubs have attended Celtic Park in the past year as guests. This policy will be continued. It is important for a club of Celtic's traditions to remember that although the club must be a highly professional and successful international business to meet the aspirations of shareholders and supporters, there are several groups in our society to whom leisure activities such as professional football are very important but not readily available. Celtic will continue to recognise such circumstances and provide assistance where possible.

If you wish to help support the Celtic Charity Fund in 1996/97, please send donations made payable to:

Celtic Charity Fund
Public Relations Department
Celtic Football Club
95 Kerrydale Street
Glasgow
G40 3RE

Where Celtic has provided signed footballs or other items, or participated in a charitable function at your club or organisation, please also keep us informed of the results of each initiative to help us best allocate resources and personnel.